

RETIREMENT PLAN OPTIONS FOR THE SMALL BUSINESS OWNER

By Justin Cassida, MBA, CFP®



Justin Cassida,
MBA, CFP®

Your decision to start a retirement plan as an employee benefit is simply good business. Today's employees are more financially savvy than ever. Employers who want to hire and retain top-notch employees have little choice other than to stay competitive in their retirement plan benefit offering.

Based on 2006 requirements, here are several retirement plan options for small business owners; the best plan will vary depending on your needs.

SEP IRA (Simplified Employee Pension Plan)

If you have just a few employees and are looking for a low cost-low maintenance plan, consider a SEP IRA (Table I). The plan is funded with tax-deductible employer contributions, but here is the kicker – you must cover *all* eligible employees. Employee contributions are not allowed.

With a SEP, there is no plan document and you do not have to file annual reports to the IRS. Contributions are flexible, so if you have a few lean years, you do not have to make contributions.

Table I — SEP IRA

SEP IRA	EMPLOYER	EMPLOYEE
<i>Eligibility</i>	Any business owner or self-employed individual.	All employees who have worked for you for 3 of the past 5 years and earned at least \$450 from you last year (over age 21).
<i>Contribution Limits</i>	20% of self-employment income (if self-employed) up to \$44,000. 25% of compensation (if an employee of your own corporation) up to \$44,000.	Employees cannot contribute. Employer must contribute the same salary % they contribute to their own.
<i>Vesting</i>	Immediate.	Immediate.
<i>Pros</i>	Flexible contributions, easy to set up and inexpensive to administer.	Immediate vesting.
<i>Cons</i>	Must cover all qualifying employees. Immediate vesting and no employee contributions.	Employees cannot contribute. No catch up contributions.

SIMPLE IRA (Savings Incentive Match Plan for Employees)

SIMPLE IRAs are good for your employees (Table II on page 6). They allow employee contributions and mandate an employer match. The drawback is that a SIMPLE IRA won't let you put as much away for yourself.

Profit Sharing Plans

As the name states, a profit sharing plan gives you a slice of your company's profits. Annual contributions are made to your account, but may vary from year to year based on the company's performance. See Table III on page 6.

TO INC. OR NOT TO INC. ... THAT'S A QUESTION

By William Taylor

One of the side effects of the various corporate restructuring and early retirement programs in abundance



William Taylor

today is an increase in new small businesses. Many newly laid-off or retired executives open their own businesses. Among the first questions a new business owner must ask is "How will I do business: as a corporation, proprietor or partnership?"

There are generally five major concerns when choosing the form of a new business: liability, financing, management, continuity and taxes. Too many budding entrepreneurs focus on only the tax aspects.

The question of liability is very important in today's litigious society. Generally, a corporation affords the shareholders protection from the creditors of the company. The shareholder's liability is limited to his/her investment in the corporation. To achieve this limited liability status, various legal requirements must be followed. Ignoring the "technicalities" can result in a corporate creditor being able to "pierce the corporate veil" and go after the shareholder's personal assets. Also, professionals can't use corporations to shield themselves from malpractice liability. General partnerships and sole proprietorships do not offer limited liability to owner/managers.

PRESIDENT'S LETTER

Fourth Quarter 2005



“Year End”

As you can see from the table below, Year-End 2005 was not very exciting for the markets. However, the fall rally really had a positive

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impact on equity returns.

	Dec. 31, 2004	Dec. 30, 2005	Change
Dow Jones	10783.01	10717.50	-0.61%
S&P 500	1211.92	1248.29	+3.00%
NASDAQ	2175.44	2205.32	+1.37%
EAFE	1515.48	1680.13	+10.86%

Inclusion of these indices is for illustrative purposes only. Keep in mind that individuals cannot invest directly in any index, and index performance does not include transaction costs or other fees, which will affect actual investment performance. Individual investor's results will vary. Past performance does not guarantee future results.

When you consider everything the economy and the markets faced in 2005, the numbers look much better. Rising interest rates, Hurricanes Katrina and Rita, and most importantly, rising energy prices, all took their toll. But all in all, the economy managed to continue to absorb these negative factors and grow at a respectable rate. While the numbers are not in yet, the GNP should be somewhere north of 3 percent. Not bad ... and, of course, the third quarter results of 4.8 percent were a surprise.

At the end of 2005, many of our fund managers' performances were far better than their respective index they were measured against. This comes as no surprise; I have said in this letter for the last few years that we are in the market where good stock-pickers would be rewarded. This was true for 2004 and again for 2005, and I expect the same for 2006.

Keep in mind 2006 marks the first year baby boomers turn 60, including

yours truly. The impact the retiring baby boomers will have now – and will continue to have over the next several decades – will have important implications for both the economy and the markets.

The Experts Weigh In

Before I get into my outlook for the coming year, let's examine some of the experts' prognostications or predictions. You probably remember that every year around the holidays I review and read up on the economic outlook of several different publications, including *Forbes*, *Fortune*, *Barron's*, *Business Week*, *BottomLine Personal* and a few others.

Let's start with Irwin L. Kellner,

Ph.D., of North Fork Bank/Hofstra University, who does not look for 2006 to be very positive.

“The economy is facing significant headwinds. Healthcare and energy costs have

been rising, and more people are paying the federal alternative minimum tax (AMT). This ‘shadow’ tax system was designed to make sure that the wealthy paid at least some tax, but because the AMT threshold has never been adjusted for inflation, the tax is hitting millions of middle-income people. That’s one reason why I expect GDP growth to slow to 2.9% in 2006.”

He goes on to talk about another troubling indicator.

“The bond market appears to be heading for a negative yield curve. This occurs when short-term interest rates, such as those on bank CDs, are higher than long-term rates, such as those on 30-year mortgages. When the yield curve is negative, banks must pay more to attract deposits than they can collect from making loans. Faced with losing money, banks cut back on loans, putting a brake on the economy. A negative yield curve could occur as early as this spring. By then, the yield on 10-year Treasuries will be 5% (it is now 4.5%), and rates on two-year Treasuries could be 5.5%, versus 4.4% today.”

He is just one in the group that I refer to as the “negative prognosticators.” If you read up on all the other people that have negative views on the market, they are all very similar. They cite the following problems:

1. Rising consumer debt.
2. Weaker job growth.
3. Rising interest rates.
4. The twin deficits.
5. Potential devastating high energy costs.
6. A slowdown, and possibly a burst in the bubble, of housing prices.
7. The ongoing wars in Afghanistan and Iraq.
8. Continued possible terrorist attacks on the United States.

For perspective, even with all the negatives I've just pointed out, the adverse input from various sources is not as negative as what we have seen in the last few years.

Now let's take a look at the positives, beginning with the economy, from perhaps an unusual source, Caspar Weinberger, chairman of *Forbes*. In the Dec. 12, 2005 issue, he stated:

“Now that we are nearly a year into the president's second term, just how strong is our economy? The answer is in the numbers. The GDP grew 3.8 percent in the third quarter. This is the 10th consecutive quarterly increase of about 3 percent. As noted by Washington Times columnist Gary Andres on Nov. 3, it is the longest streak of consistent growth since World War II. Reuters on the same day also noted that business productivity surged in the third quarter and said that other indexes are equally good. On Nov. 4, the government's new employment figures showed that 56,000 new jobs had been created in October. That means more than 4.2 million new jobs have been created since May 2003. The current unemployment average of 5 percent is lower than averages in the 1970s, 1980s and 1990s, and inflation has remained tame.”

Forbes Publisher Rich Karlgaard followed in the same issue with something similar:

“Sorry, Grinches, but the U.S. economy looks like Santa's sled is being powered by

GE/Rolls-Royce jet engines. The third quarter clocked a 3.8 percent GDP growth rate. The third quarter! Recall: This was the quarter of Katrina, Rita and \$70-a-barrel oil. The buckle-your-belt, we're-going-down quarter. But we didn't go down. We went up. So did the stock market – up 5 percent since President Bush raised Ben Bernanke to Alan Greenspan's throne at the Fed.

“Next Year? It looks good. Thanks to Microsoft and its expected release of Windows Vista, tech spending will rise. An 11,000 Dow will lift CEOs' spirits and open their pockets. Larger portions of that \$2 trillion cash pile now sitting idly on American corporate balance sheets will pour back into productive investment.”

An article written by James C. Cooper from the Dec. 26, 2005 issue of *Business Week* talks about the changeover from consumer spending to corporate spending, along with its impact:

“As other sources of household buying power, such as cheap money and home equity, begin to diminish, more traditional support for spending from healthy labor markets will take up some of the slack. This virtuous cycle is the chief reason to expect 2006 to be another good year for the economy.”

Consumer spending is a concern to many. A lot of people feel consumers are tapped out, way over debt and, as a result, will be able to contribute little to the growth of the 2006 economy. To be fair, I have heard that consumers have been tapped out for about the past 15 years, so below are several quotes I thought you would find of interest from the same issue of *Business Week*:

“Household net worth, the sum of all assets minus liabilities, increased by \$1.3 trillion last quarter from the second quarter. Total liabilities jumped by \$331 billion, one of the largest quarterly rises on record, but household assets soared by \$1.6 trillion, five times as much.”

“The rise in household wealth allays concerns over the consumer outlook, including the fretting over holiday buying. With assets growing, consumer spending is unlikely to buckle under higher fuel bills,

just as it didn't falter when gasoline was \$3 per gallon.”

As always, there are *both* views on the economy. I have felt for some period of time that the economy was stronger than what we were reading about in the major publications. I continue to believe that, but I do tend to side with the group that says the economy will probably not be as strong in 2006 as it was in 2005. I am not saying it will be bad; I am just saying the growth rate will probably end up being close to 3 percent.

The Achilles heel in all of this is energy. If energy prices stay moderated, then we could have an outstanding year in the economy. If they spike back up like they did in summer 2005, then all bets are off. We could very well see the economy slipping just below the 3 percent growth rate.

The Stock Market

Now let's examine some views about the stock market. *Business Week*, again in the same issue, tends to be positive:

“High energy prices. Rising interest rates. And a whole lot of anxiety about a cooling-off in the housing market. You could easily worry yourself into inaction. But don't. Business Week's 2006 Investment Outlook is basically bright: Economic growth is brisk, corporate profits are climbing, and the Fed's long series of interest rate hikes is nearly over. All told, that's a recipe for higher stock prices in the New Year. It's not 1999 again, but you have a good shot at earning total returns of 9 percent to 10 percent.”

On the negative side – in the Dec. 12 issue of *Barron's*, Michael Santoli wrote:

“Abhijit Chakraborti of J.P. Morgan began 2005 with what was ultimately a nearly on-target 1275 S&P forecast, but turned more bearish in recent months. He believes there are significant risks to earnings. He also judges most investors to be too complacent about the effects of monetary tightening and the flat yield curve, which often augur a much weaker economy in the future. I find that the flattening of the yield curve has been more vicious than anyone expected, and everyone says it doesn't matter.” He obviously thinks it does.

“Besides the yield curve, Chakraborti is concerned about still-high oil prices, the rebound in the dollar, the vulnerable housing market and what he views as still-building inflationary pressures that the Fed will have to fend off. Gold's monstrous rally above \$520 an ounce tells him that some combination of mounting risk aversion and inflation fears is percolating.

He sees zero earnings growth, based on higher input costs, a move to genuine monetary tightness by the Fed and a simple inability of profits to grow at above-average rates forever.

Finally, he argues against the popular notion that stocks are cheap. The market trades for 18.8 times trailing reported earnings, the standard by which the historical average of 15 times is calculated. Stripping out low-multiple financial and energy sectors, the multiple gets to 21.6, hardly a starting point for a big move upward. He's out on a limb with a call for a 10 percent drop in stocks, in fact.”

Again we find Irwin L. Kellner, Ph.D.:

“The stock market will probably fall by 5% to 10%. Stick with companies that can do well in a slowing economy, including defense contractors and energy companies. Put more money than usual in CDs and/or short-term bonds, such as two-year Treasuries. Be prepared to reinvest the cash at higher yields after rates have risen a percentage point or so from today's levels.”

Now to the bulls, and I am only going to quote two of my favorite forecasts. From the same *Barron's* article, Michael Santoli wrote:

“Abby Joseph Cohen of Goldman Sachs believes that investors will begin bidding stocks higher as they get comfortable with the ‘durability’ of the economic expansion amid higher rates, which will begin to matter more than the pace of growth.

This posits a sort of mid-cycle slowdown, in which growth cools and the Fed stops lifting rates without snuffing out growth, something seen in both the '80s and '90s expansions to differing degrees.

Cohen is also among those who see the \$2 trillion in cash on companies' books as a driver of the market. “Conservative uses for the cash, including dividend payments and pre-funding of retirement liabilities,

will increasingly give way to more energetic spending on business fixed investment, strategic acquisitions and employment gains.”

However, we have one even more bullish forecast. In the same article:

“The most vociferous bovine is Ed Keon of Prudential Equity Group, who early this year turned from lukewarm to extremely positive and now sees the market rocketing higher by 25 percent, to 1530 on the S&P 500. He sees stocks as radically undervalued.”

Somewhere in between these is Richard Rainwater, who during his heyday with Rainwater, Inc., helped turn the Fort Worth Bass family’s \$50 million fortune into a net worth exceeding \$5 billion. He doesn’t seem to find definitive reasons, but seems to have a feel in his gut that 2006 will not be a very good year. Based on Rainwater’s impressive track record, one has to take that into consideration. His main concern is his long-term view of energy needs outpacing energy production. He also has other concerns:

“We’ve got a lot of things going on simultaneously. The world as we know it is unwinding with respect to Social Security, pensions, Medicare. We’re going to have dramatically increased taxes in the U.S. I believe we’re going into a world where there’s going to be more hostility. More people are going to be asking, ‘Why did God do this to us?’”

My Own Predictions

As always, there is some prediction for everyone. What I have learned over the years is that no one has a crystal ball and it is very difficult to accurately predict the future. In fact – it is impossible. First, there are too many variables, any one of which could shift economic reality. Sometimes there are exceptions, such as in late 1981 and early 1982 when I urged clients to be fully invested. The same goes for 2002. In our fourth quarter newsletter that year, I said:

“For accumulators, invest, invest, invest! How many of you have heard friends,

relatives, or associates everywhere say, ‘There is no way I would invest in this market. I want to wait and see when the market turns around to begin investing.’ These very same people thought the market was great and could not invest enough through the late ‘90s.

“By the time that picture is clear (meaning the market has definitely turned), they will have missed the best buying time – by far. Remember ... please remember ... that good investing is counterintuitive, and it never feels good to invest when it is the best time to be investing. I have been saying for well over a year that for accumulators, this is an outstanding time to be an investor. Buying shares at these low prices (and if the market goes lower, continuing to buy shares at even lower prices) is a smart way to make money in this market. It doesn’t feel good now, but it will feel good at some point in the future. It is too bad I cannot provide the answer as to when.”

I have always found bottoms relatively easy to call. The best time to invest is when there is absolutely no good news, when everyone is predicting the world is about to come to an end and things simply cannot get worse. Throughout my whole 33-year history, those have been the times when I have said invest everything that you can, mortgage the kids, do whatever you can, but put as much money as you can into the market.

Unfortunately, I do not think we are at one of those very strong downturns in the equity market or in the economy. So, my recommendation for 2006, if appropriate for you (by appropriate I mean you need to check with your financial planner) would be for you to take profits from some of your REIT accounts and perhaps from some of your small cap value funds. Then, I would add to alternative investments, and for those long-term investors, continue to add to your large cap growth positions. This is a sector that has not performed for about five years now, but at some point it has to turn around. Performance in the various asset classes varies from year to year, but at some point the large cap stocks

will have their day in the sun. I would rather be buying them when they are low than when they are expensive.

However, my primary advice overall is to stay highly diversified.

The overall tone in the 2006 projections is more positive than in 2004 and 2005, which may cause me my greatest concern due to the fact that the consensus is generally wrong.

Our 30th Anniversary

2006 is a very significant year for me and Carter Financial Management. It marks the beginning of my 33rd year in financial planning and wealth management, but perhaps more importantly, it marks the 30th anniversary of our firm. We have some special things planned during the year and we hope all of our clients and friends will be a part of our year-long celebration. I will be sharing some of the highlights of the last 30 years in future newsletters, along with some of the things that we have learned during that time.

30 years – that’s hard to believe!



Bill E. Carter, CFP®, ChFC, CLU
President

The S&P 500 is an unmanaged index of 500 widely held stocks that’s generally considered representative of the U.S. stock market.

The NASDAQ composite is an unmanaged index of securities traded on the NASDAQ system.

EAFE index is an unmanaged index that is generally considered representative of the international stock market. These international securities involve additional risks, including currency fluctuations, differing financial accounting standards, and possible political and economic volatility.

Investing in the energy sector involves special risks, including the potential adverse effects of state and federal regulation and may not be suitable for all investors.

Please note that international investing involves special risks, including currency fluctuations, differing financial accounting standards, and possible political and economic volatility.

Gold is subject to the special risks associated with investing in precious metals, including but not limited to: price may be subject to wide fluctuation, the market is relatively limited, the sources are concentrated in countries that have the potential for instability, and the market is unregulated.

*“To Inc. or Not to Inc.”
continued from page 1*

However, partnerships and sole proprietorships are often easier to establish and often have less “red tape” associated with them.

All businesses need to raise money for operations. The use of the corporate form allows the company to sell shares of stock to new investors to raise money. Corporate ownership may also make it easier to recruit, retain and reward key employees through awards of common stock. Some have argued that corporations may find it easier to borrow than an unincorporated business. However, shareholders are often asked to personally guarantee corporate debt.

The management of the business is also a concern. Theoretically, a corporation is run by its board of directors. As a practical matter, it may make little difference if the business is controlled by a single individual. However, if more than one person will be an owner of the business, the dynamics of controlling a business through a consensus of partners versus the use of a board of directors must be carefully reviewed.

Continuity is also an issue. A corporation may have a perpetual existence. Sole proprietorships die with the owner. Depending on state law and the planning that’s been done, the death of a partner may result in the dissolution of the partnership.

There are basically two types of corporations for tax purposes. A “C” corporation is a separate tax paying entity. C Corporations have graduated federal tax rates from 15 percent to over 35 percent (although professional corporations pay a flat 35 percent). S Corporation income or loss flows through to the personal returns of the shareholders. C Corporations are subject to the corporate Alternative Minimum Tax. S Corporations aren’t; however, the individual shareholders are subject to the individual AMT and corporate items may have an impact. C Corporations are subject to the accumulated earnings tax while S corporations are not.

Finally, new forms of business organization are being developed in various states, including the limited liability company, corporation and partnership. These new developments and issues discussed should be fully explored before deciding on the proper form for a new business.

Of course, this brief article is no substitute for a careful consideration of all the advantages and disadvantages of this matter in light of your unique personal circumstances. Before implementing any significant tax or financial planning strategy, contact your financial planner, attorney or tax advisor as appropriate.

William Taylor is a comprehensive financial planner with Carter Financial Management and a registered representative of Raymond James Financial Services. He can be reached at 214-363-4200 or wtaylor@cascfm.com. ■

CFM HIGHLIGHTS

- Congratulations to Micahl Wester for passing the CFP® exam in November. She is in the process of completing her work requirements and is now a candidate for the CFP® Board’s certification.
- Bill Carter, Jimmy Kull, Jerry Mallonee, Tom McIntire and Kathy Muldoon attended the PIMCO/Allianz Due Diligence meeting in Newport Beach, Calif., Feb 1-3.
- Bill Carter attended the Private Enterprise Research Center Board meeting in College Station on Jan. 13, and a Capstone meeting in Santa Monica, Calif., Jan. 21-25.
- Bob Berg, Bill Carter, Tom McIntire, Jerry Mallonee, Joe Mattei, Kathy Muldoon and Cam Woolverton attended the Raymond James National Conference in Las Vegas, Feb. 26 – March 2.
- Our semi-annual Company Planning Day was held on Monday, Jan 16.
- Jeff Saut will provide an “Investment Outlook for 2006” at our educational seminar on Monday, March 21 at the Westin Galleria Dallas, See page 7 for more details on this great opportunity to hear a top-rated speaker. ■

FINANCIAL TRENDS	12/31/04	3/31/05	6/30/05	9/30/05	12/30/05
Dow Jones Industrial	10,783.01	10,503.76	10,274.97	10,568.70	10,717.50
NASDAQ	2,175.44	1,999.23	2,056.96	2,151.69	2,205.32
NAREIT Composite	150.94	137.88	137.88	155.27	154.73
Russell 2000	651.57	615.07	639.66	667.80	673.22
MSCI-EAFE	1,515.48	1,503.85	1,473.72	1,618.84	1,680.13
Prime Rate	5.25%	5.75%	6.25%	6.75%	7.25%
Gold	435.60	427.50	437.10	473.25	513.00
10-Year U.S. Treasury	4.22%	4.49%	3.92%	4.33%	4.39%
30-Year U.S. Treasury	4.82%	4.77%	4.22%	4.57%	4.55%
1-Year Certificate of Deposit	2.25%*	2.75%*	3.05%*	3.55%*	3.60%*

*Past performance may not be indicative of future results. Source of Information: Issues of the Investment Book and The Wall Street Journal. *Bank of Texas rate*

Table II — SIMPLE IRA

SIMPLE IRA	EMPLOYER	EMPLOYEE
<i>Eligibility</i>	Employers with 100 employees or less who do not maintain any other retirement plan.	All employees who have ever earned more than \$5,000 in any two years prior and who will earn at least \$5,000 this year.
<i>Contribution Limits</i>	3% employer match (\$ for \$) or 2% non-elective contribution for all employees up to \$4,400 per employee.	\$10,000 plus employer match up to 3%. (NOTE: Employer can contribute \$10,000 plus match to his/her own account). Additional \$2,500 if age 50+ as of 12/31/06.
<i>Vesting</i>	Immediate.	Immediate.
<i>Pros</i>	Employees can make contributions.	Employees can make contributions.
<i>Cons</i>	Employer most likely cannot contribute as much as he/she can to a SEP. Vesting is immediate and match is mandatory.	None really, unless you have a high salary that would permit larger contributions under other types of plans.

Table III — PROFIT SHARING

PROFIT SHARING	EMPLOYER	EMPLOYEE
<i>Eligibility</i>	Any business owner or self-employed individual.	Employees who worked at least 1,000 hours in the past year; two years if no vesting period.
<i>Contribution Limits</i>	25% of salary (20% of self employment income) up to \$44,000.	Employees cannot contribute.
<i>Vesting</i>	Determined by employer.	Determined by employer.
<i>Pros</i>	Contributions can be flexible.	
<i>Cons</i>	Administration by a TPA (third party administrator) is usually required.	Employees cannot contribute. Vesting takes time in most plans.

401(k)

Many small business owners think they are too small for a 401(k), but if you have more than 25 employees, you may be surprised to find that a 401(k) is not as expensive to create and maintain as you may have thought (Table IV below).

Start-up expenses can range from \$800 - \$2,000, while annual administrative expenses can be anywhere from \$1,000 - \$2,500. This does not take into account the investment management fee that is typically paid as a percentage of plan assets by plan participants.

Table IV — 401(k)

401(k)	EMPLOYER	EMPLOYEE
<i>Eligibility</i>	Any business.	Employees who worked at least 1,000 hours in the past year; two years if no vesting period.
<i>Contribution Limits</i>	Combined employer and employee's contributions cannot exceed \$44,000 (\$49,000 for those 50+ as of 12/31/06).	\$15,000 (\$20,000 for those age 50+ as of 12/31/06).
<i>Vesting</i>	Determined by employer.	Determined by employer.
<i>Pros</i>	Employee/employer contributions. No match required.	Employee can contribute.
<i>Cons</i>	Expensive to administer.	Employer contributions usually take years to vest.

Defined Benefit Plan

A defined benefit plan might make sense for you (Table V on page 7). For example, if you are in your 50s, looking to retire some time in the next 10 years or have yet to build up your nest egg, a defined benefit plan may be just the right fit.

You can contribute as much as is needed to give you an annual retirement payout of \$175,000 or 100 percent of the average of your three highest consecutive pay years. Unfortunately, what's good for you is bad for younger employees; because Gen-X, Gen-Y and others have more years until retirement, their contribution limit will be lower than yours. Plans also can be very expensive and inflexible, and because contributions are mandatory, if you can't fund the plan, you'll have to change your plan document.

Getting Started

The next step is to choose the option that is right for you and your employees. A part of your decision with regard to the type of plan that will best meet your organization's needs will depend on whether you would like to provide your employees with an employer-matching contribution. If the answer is "yes," you will need to decide whether you want fixed or discretionary matching.

You also will need to determine the vesting/eligibility period. There are a number of choices available as you decide the delicate balance between not making the eligibility/vesting period too long – thereby limiting employee interest in your plan – and yet not too short as to diminish the perceived value of your plan.

When will your plan start? There are several factors that will play into this decision, including fiscal or calendar year considerations, availability of company funds for an employer match contribution if you have chosen to do so, how quickly you want to start using this employee benefit to hire and retain good

Table V — DEFINED BENEFIT PLAN

DEFINED BENEFIT PLAN	EMPLOYER	EMPLOYEE
<i>Eligibility</i>	Any business owner or self-employed individual.	Employees who worked at least 1,000 hours in the past year; two years if no vesting period.
<i>Contribution Limits</i>	No set limit. Contributions are based on actuarial assumption. Max annual retirement benefit is \$175,000 or 100% of the participant's avg compensation for his/her highest 3 consecutive earning years.	Employees cannot contribute.
<i>Vesting</i>	Determined by employer.	Determined by employer.
<i>Pros</i>	Older employees looking to put away a lot of money over short time period can do so.	Set payout guaranteed after retiring.
<i>Cons</i>	Can be expensive. Actuary required to determine contribution/deduction limit. Inflexible.	No employee control over investment options. No employee contributions. Vesting takes years in most plans.

employees, and other similar considerations unique to your company.

If you have questions about any of these plans and how they might fit into your company, please contact your financial advisor.

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CARTER EDUCATIONAL SERIES

Investment Outlook 2006



Jeffrey Saut

Join us for this great opportunity to hear from one of the most respected investment strategists, Jeffrey Saut, as he offers his views and insight on Investment Outlook 2006.

Saut is very well known for his insightful and colorful commentary regarding the stock

market, and has made numerous appearances on Wall Street Week, CNBC, Bloomberg TV, USA Networks, Fox TV, NPR, and many local radio and TV networks. He is also often quoted in *The Wall Street Journal*, *The New York Times*, *Barron's*, *Washington Post*, *Business Week*, *U.S. News and World Report*, *Fortune*, and *SmartMoney*, as well as on several Web sites, including *MSNBC.com* and *The Street.com*.

Saut joined Raymond James in September 1999 as one of the managing directors of research, working with Senior Managing Director Bob Anastasi. He also serves as the firm's chief Investment Strategist. Previously, Saut was managing director of research at Roney & Co., which was acquired by Raymond James & Associates. Prior to that, he was managing director of equity capital markets for Sterne, Agee & Leech, Inc.,

where his responsibilities included equity research, investment banking, institutional sales and syndicate.

After graduating from St. Andrews in early 1971, Saut began his career on a trading desk in New York City and became the trade desk manager in 1972. In 1973, he joined E.F. Hutton, where he began following equities and writing research. He subsequently worked as a securities analyst for Wheat First Securities, and then Branch Cabell, where he ran the equity research group as director of research and acted as portfolio manager for the firm's affiliate, Exeter Capital Management. In addition, as director of research he built the research and institutional sales departments for the regional brokerage firm Ferris, Baker, Watts, Inc.

REGISTER TODAY!

Investment Outlook 2006
Tuesday, March 21
Westin Hotel Galleria
6:30 p.m. - 8:00 p.m.

To register, log on to www.cascfm.com, or contact Rebecca Kim at 214-363-4200 or rkim@cascfm.com.

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CFM MISSION STATEMENT:

Our mission is to become our client's trusted advisor by providing superior financial planning services that enable our clients to define and achieve their financial and life goals.

RJFS DEADLINES

Cutoffs:

Trades/Mutual Funds.....3:00 CST
No Load Mutual Funds – Buys:.....1:00 CST
No Load Mutual Funds – Sells:2:30 CST
Nuveen Munis10:00 CST
Government Bonds.....4:00 CST
Wires-From Customer Accts.12:30 CST

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